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**FIRE DISTRICT NO. 8
OF CADDO PARISH, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004 AND 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-14-05

**FIRE DISTRICT NO. 8 OF CADDO PARISH, LOUISIANA
DECEMBER 31, 2003
ANNUAL FINANCIAL REPORT**

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INDEPENDENT AUDITOR'S REPORT

Chairman Whitlow Giles and
Members of the Board of Commissioners
Caddo Parish Fire District No. 8
Vivian, Louisiana

We have audited the accompanying basic financial statements of Fire District No. 8 of Caddo Parish, a component unit of Caddo Parish as of and for the years ended December 31, 2004 and 2003, as listed in the Table of Contents. These financial statements are the responsibility of Fire District No. 8 of Caddo Parish's management. Our responsibility is to express an opinion on these financial statements based on my audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that my audit provides a reasonable basis for my opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Fire District No. 8 of Caddo Parish, as of December 31, 2004 and 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison listed in the table of contents, are not a required part of the financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, We did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued my report dated July 15, 2005, on our consideration of the Fire District No. 8 of Caddo Parish internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Agee & Agee, P.C.

Agee & Agee, P.C.
Shreveport, Louisiana
July 15, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

**FIRE DISTRICT NO. 8 OF CADDO PARISH
VIVIAN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Our discussion and analysis of Fire District No. 8 of Caddo Parish (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2004.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2004, the District's net assets increased by \$108,011 and resulted in ending net assets of \$1,158,491 or an increase of 9.3 percent.

Total spending for the governmental activity was \$381,716 for the year, which was \$108,012 less than the taxes and the contributions received for this activity, \$489,728.

The interest earned on checking accounts and investments in certificates of deposit was \$17,298 for the year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 6 and 7 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 8. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

REPORTING THE DISTRICT AS A WHOLE, THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the District as a whole begins on page 6. These statements help to illustrate the status of the District resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The District's net assets are determined by examining the difference in assets and liabilities. The two statements report the District's net assets and any changes in them. Examining the District's net assets is an effective way to determine the financial status of the District. Increases and decreases in net assets are an indicator of the District's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, the District reports only governmental type activities. The District's activities are of this type, and taxes and contributions finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the District's major fund begins on page 8. The fund financial statements provide detailed information about the most significant fund rather than the District as a whole.

The District uses a governmental type fund. The District's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using the modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliation exhibits on pages 10 and 11.

THE DISTRICT AS A WHOLE

FIRE PROTECTION ACTIVITY

The District's net assets increased \$108,011 as a result of this year's operations resulting in ending net assets of \$1,158,491 or an increase of 9.3 percent. The balance in net assets represents the accumulated results of all past years' operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) changed from a \$743,784 surplus to a \$658,469 surplus at year-end. The District can use these funds to finance the continuing operations of the office.

**TABLE 1
NET ASSETS**

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 661,078	\$ 709,666
Capital assets	<u>645,022</u>	<u>621,621</u>
Total assets	<u>\$ 1,306,100</u>	<u>\$ 1,331,287</u>
Current and other liabilities	\$ 2,609	\$ 807
Long-term liabilities	<u>145,000</u>	<u>280,000</u>
Total liabilities	<u>\$ 147,609</u>	<u>\$ 280,807</u>
Net assets:		
Invested in capital assets	\$ 500,022	\$ 306,696
Unrestricted	<u>658,469</u>	<u>743,784</u>
Total net assets	<u>\$ 1,158,491</u>	<u>\$ 1,050,480</u>

The District's total revenues for the year increased \$192,288 or 64 percent. This included \$87,162 in taxes, \$94,587 in grants, and \$6,240 in interest income and miscellaneous income. The total cost of all programs and services was \$381,716 with no new programs added this year.

**TABLE 2
CHANGES IN NET ASSETS**

	<u>2004</u>	<u>2003</u>
Revenues:		
Taxes	\$ 317,152	\$ 229,990
Grants	117,623	23,036
Other	<u>54,953</u>	<u>44,414</u>
Total revenues	<u>489,728</u>	<u>297,440</u>
Expenses	<u>381,716</u>	<u>342,955</u>
Increase (decrease) in net assets	<u>\$ 108,012</u>	<u>(45,515)</u>

THE DISTRICT'S FUNDS

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's governmental fund reported a fund balance of \$434,463. This reflects an increase of \$2,609 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was not revised during the last year.

The actual expenditures were \$540,118 or \$96,068 more than 2003. This is primarily due to \$117,623 in grants received.

Resources available for expenditure were \$14,254 above the final budgeted amounts.

The District's General Fund balance of \$434,463 reported on page 8 differs from the General Fund's budgetary fund balance of \$218,004 reported in the budgetary comparison schedule on page 21.

CAPITAL ASSETS

At the end of the year, the District has \$500,022 invested in capital assets, including buildings, furniture, fire fighting equipment, and vehicles. This year there were additions of \$125,889 and no disposals reflecting a net increase in capital assets of \$125,889. More detailed information about the District's capital assets is presented in Note 6 of the financial statements.

**TABLE 3
CAPITAL ASSETS AT YEAR END
(Net of Accumulated Depreciation)**

	<u>2004</u>	<u>2003</u>
Land	\$ 25,000	\$ 25,000
Buildings	614,762	614,762
Vehicles	509,290	509,290
Equipment	<u>478,716</u>	<u>352,827</u>
	<u>\$ 1,628,768</u>	<u>\$ 1,501,878</u>

DEBT

At year-end, the District had \$145,000 in bonds outstanding. This is a decrease from last year of \$135,000 or 48 percent.

TABLE 4
BONDS AND CAPITAL LEASES

	<u>2004</u>	<u>2003</u>
Capital leases	<u>145,000</u>	<u>280,000</u>
	<u>\$ 145,000</u>	<u>\$ 280,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's general fund balance is expected to remain unchanged by the close of 2005.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Fire Chief, 1007A South Spruce, Vivian, LA. 71082. Phone No. 1-318-375-3233; Fax No. 1-318-375-5035

**FIRE DISTRICT NO. 8 OF CADDO PARISH
STATEMENT OF NET ASSETS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	GOVERNMENTAL ACTIVITY GENERAL FUND	
	2004	2003
<u>ASSETS:</u>		
ASSETS:		
CASH (NOTE 2)	\$ 159,352	\$ 308,005
CERTIFICATES OF DEPOSIT (NOTE 2)	188,423	173,672
AD VALOREM TAXES & SERVICE FEES RECEIVABLE (NOTE 5)	308,139	223,091
OTHER ASSETS	5,164	4,898
CAPITAL ASSETS, NET OF DEPRECIAT (NOTE 6)	645,022	621,621
TOTAL ASSETS	\$ 1,306,100	\$ 1,331,287
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
PAYROLL WITHHOLDINGS AND ACCRUALS	\$ 2,609	\$ 807
BONDS PAYABLE (NOTE 8)	145,000	280,000
TOTAL LIABILITIES	147,609	280,807
 NET ASSETS:		
INVESTMENT IN CAPITAL ASSETS	\$ 500,022	\$ 306,696
UNRESTRICTED	658,469	743,784
TOTAL NET ASSETS	1,158,491	1,050,480
 TOTAL LIABILITIES AND NET ASSETS	\$ 1,306,100	\$ 1,331,287

**FIRE DISTRICT NO. 8 OF CADDO PARISH
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	GOVERNMENTAL ACTIVITY GENERAL FUND	
	2004	2003
EXPENSES:		
PUBLIC SAFETY - FIRE PROTECTION:		
PERSONNEL SERVICES & RELATED BENEFITS (NOTE 7)	\$ 127,590	\$ 119,925
REPAIRS AND MAINTENANCE	26,281	29,739
LEGAL AND PROFESSIONAL	3,689	2,500
INSURANCE	49,745	42,211
FUEL	5,092	4,235
TRAINING	2,894	3,856
SUPPLIES	3,741	8,301
UNIFORMS	2,792	1,150
UTILITIES	18,425	19,816
TAX COLLECTION FEES	14,139	19,314
INTEREST ON LONG TERM DEBT	14,875	23,925
DEPRECIATION	102,487	58,830
OTHER	9,551	7,994
TAX REIMBURSEMENT	65	785
BANK FEES	350	374
	<u>381,716</u>	<u>342,955</u>
TOTAL EXPENSES	\$ 381,716	\$ 342,955
GENERAL REVENUES:		
AD VALOREM TAXES AND SERVICE FE (NOTE 4)	317,152	229,990
INTERGOVERNMENTAL REVENUES:		
FIRE INSURANCE REBATE	21,711	20,200
STATE SUPPLEMENTAL PAY	9,830	10,800
INTEREST INCOME	17,298	11,058
MISCELLANEOUS	6,114	2,356
FEMA GRANT	108,536	23,036
FORESTRY GRANT	9,087	-
	<u>489,728</u>	<u>297,440</u>
TOTAL GENERAL REVENUES	\$ 489,728	\$ 297,440
CHANGES IN NET ASSETS	108,012	(45,515)
NET ASSETS:		
BEGINNING OF THE YEAR	<u>\$ 1,050,479</u>	<u>\$ 1,095,995</u>
END OF THE YEAR	<u><u>\$ 1,158,491</u></u>	<u><u>\$ 1,050,480</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

GOVERNMENT WIDE FINANCIALS

**FIRE DISTRICT NO. 8 OF CADDO PARISH
GENERAL FUND BALANCE SHEET
YEARS ENDED DECEMBER 31, 2004 AND 2003**

		GENERAL FUND	
		2004	2003
<u>ASSETS:</u>			
ASSETS:			
CASH AND CASH EQUIVALENTS	\$	6,741	\$ 9,992
INVESTMENTS (NOTE 2)		188,423	173,672
RECEIVABLE (NOTE 5)		217,000	223,091
DUE FROM OTHER FUNDS		19,744	20,918
OTHER		5,164	4,898
TOTAL ASSETS	\$	<u>437,072</u>	<u>\$ 432,571</u>
<u>LIABILITIES AND FUND BALANCE:</u>			
LIABILITIES:			
SALARY BENEFITS PAYABLE	\$	2,609	\$ 807
TOTAL LIABILITIES	\$	<u>2,609</u>	<u>\$ 807</u>
FUND BALANCES:			
RESERVE FOR CAPITAL REPLACEMENT	\$	100,000	\$ 100,000
UNRESERVED/UNDESIGNATED		334,463	331,764
TOTAL FUND BALANCE	\$	<u>434,463</u>	<u>\$ 431,764</u>
TOTAL LIABILITIES AND FUND BALANCES	\$	<u>437,072</u>	<u>\$ 432,571</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

FIRE DISTRICT NO. 8 OF CADDO PARISH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	GENERAL FUND	
	2004	2003
REVENUES:		
AD VALOREM TAXES (NOTE 4)	\$ 62,581	\$ 61,240
SERVICE CHARGE(NOTE 4)	160,703	168,750
INTERGOVERNMENTAL REVENUES:		
FIRE INSURANCE REBATE	21,711	20,200
SUPPLEMENTAL PAY	9,830	10,800
FEMA GRANT	108,536	23,036
FORESTRY GRANT	9,087	-
INTEREST INCOME	14,751	10,328
MISCELLANEOUS	6,114	2,356
TOTAL REVENUES	\$ 393,313	\$ 296,710
EXPENDITURES:		
PERSONNEL SERVICES & RELATED BENEFITS (NOTE 9)	\$ 127,590	\$ 119,925
REPAIRS AND MAINTENANCE	26,281	29,739
LEGAL AND PROFESSIONAL	3,689	2,500
INSURANCE	49,745	42,211
UNIFORMS	2,792	1,150
FUEL	5,092	4,235
SUPPLIES	3,741	8,301
COLLECTION FEES	14,139	13,429
TRAINING	2,894	3,856
CAPITAL OUTLAY	125,889	34,925
UTILITIES	18,425	19,816
OTHER	10,337	5,323
TOTAL EXPENDITURES	\$ 390,614	\$ 285,410
NET CHANGE IN FUND BALANCES	\$ 2,699	\$ 11,300
FUND BALANCE:		
BEGINNING OF THE YEAR	<u>\$ 431,764</u>	<u>\$ 431,764</u>
END OF THE YEAR	<u>\$ 434,463</u>	<u>\$ 443,064</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

**FIRE DISTRICT NO. 8 OF CADDO PARISH
RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>GENERAL FUND</u>	
	<u>2004</u>	<u>2003</u>
TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C)	\$ 434,463	\$ 431,764
<p>THE PURCHASE OF CAPITAL ASSETS ARE REPORTED AS EXPENDITURES AS THEY ARE INCURRED IN THE GOVERNMENTAL FUNDS. THE BALANCE SHEET REPORTS CAPITAL ASSETS AS AN ASSET TO THE DISTRICT. THESE CAPITAL ASSETS ARE DEPRECIATED OVER THEIR ESTIMATED USEFUL LIVES IN THE STATEMENT OF ACTIVITIES AND ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS.</p>		
2004 COST OF CAPITAL ASSETS (\$1,627,768) LESS ACCUMULATED DEPRECIATION (\$982,746)	645,022	
2003 COST OF CAPITAL ASSETS (\$1,501,878) LESS ACCUMULATED DEPRECIATION (\$880,257)		621,621
<p>GOVERNMENT FUNDS BALANCE SHEETS DO NOT REFLECT LIABILITIES OR EQUITY AS</p>		
2004 EQUITY (\$226,615) LESS LIABILITIES (\$147,609)	79,006	
2003 EQUITY (\$277,902) LESS LIABILITIES (\$280,807)		(2,905)
GOVERNMENT-WIDE NET ASSETS (EXHIBIT A)	<u>\$ 1,158,491</u>	<u>\$ 1,050,480</u>

**FIRE DISTRICT NO. 8 OF CADDO PARISH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>GENERAL FUND</u>	
	<u>2004</u>	<u>2003</u>
NET CHANGE IN FUND BALANCE-GOVERNMENTAL FUND	\$ 2,699	\$ 11,300
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITY IN THE STATEMENT OF ACTIVITY ARE DIFFERENT BECAUSE:		
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES, THE COST OF THESE ASSETS ARE ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.		
2004 CAPITAL OUTLAY	\$ 125,889	
LESS DEPRECIATION EXPENSE	<u>\$ 102,487</u>	23,402
2003 CAPITAL OUTLAY	\$ 34,925	
LESS DEPRECIATION EXPENSE	<u>\$ 58,830</u>	(23,905)
THE STATEMENT OF ACTIVITIES REPORTS BOND INTEREST AND OTHER CREDITS THAT ARE NOT REPORTED IN THE FUND BALANCE-GOVERNMENT FUNDS	96,786	(8,985)
THE STATEMENT OF ACTIVITIES REPORTS INTEREST ON LONG TERM DEBT AS AN EXPENDATURE WHICH IS NOT REPORTED IN FUND BALANCE-GOVERNMENT FUNDS	(14,875)	(23,925)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 108,012</u>	<u>\$ (45,515)</u>

**NOTES TO
FINANCIAL STATEMENTS**

**FIRE DISTRICT NO. 8 OF CADDO PARISH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FORMATION AND OPERATIONS

Caddo Parish Fire District No. 8 (the District) is a component unit of Caddo Parish, Louisiana. A five-member board governs the District. The board members are appointed by the City/Parish and are not compensated.

The purpose of the District is to provide fire and emergency service for the citizens of the District. The District serves approximately 6,000 individuals and covers approximately 144 square miles. The District employs approximately three (3) permanent full-time employees and has approximately 60 volunteers. It also employs temporary employees as needed. A substantial portion of the services is provided through volunteers. No value is attributed to the volunteer services in the accompanying financial statements.

The District operates a manned station in Vivian and unmanned stations in Vivian, Hosston, Ida and Rodessa. The District's principal equipment consist of six (6) pumpers, five (5) tankers, four (4) rescue vehicles, two (2) brush trucks, chief vehicle and a service truck.

B. BASIS FOR PRESENTATION AND ACCOUNTING

Government-wide Statements: The statement of net assets and the statement of activities display information about the District. The District's activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The government-wide financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes and user fees, are recorded in the year assessed.

The Statement of Activities presents a comparison between direct expenses and program revenues for the activities of the District. Program revenues include user fees paid by the property owners in the District.

Fund Financial Statements: The fund financial statements provide information about the District's activities, all of which are reported in the general fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end and uncollectible allowance is provided. Property taxes and user fees incurred, except for principal and interest on general long-term debt, and compensated absences, which are recognized as expenditures only to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

General Fund: This is the District's operating fund. It accounts for all financial resources of the District.

The accompanying financial statements of the District as of December 31, 2004 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the primary standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:514 and the Louisiana Governmental Audit Guide.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets.

The modified accrual basis of accounting is used by the Governmental Funds. Revenues are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. User fees are considered measurable in the period they are collected. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). They are recorded at the time the transfer is made.

Policies specific to government-wide statements are as follows:

1. Inter-fund receivables and payables are eliminated in the Statement of Net Assets, except for the residual amounts due between governmental and business type activities.
2. Reporting on governmental-type activities is based on Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.
3. Tangible and/or intangible assets used in operations with an estimated useful life that extends beyond one year are capitalized. Such assets are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives.
4. The Statement of Activities presents two categories of program revenues: a) ad valorem taxes and service fees (assessed), b) intergovernmental revenues, c) other revenues and identified charges for services; and d) operating grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use, or directly benefit from goods and services provided by the District. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

C. REPORTING ENTITY

As the governing authority, for reporting purposes, the Parish is the primary government. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB set forth criteria to be considered in determining financial accountability as:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell, and lease property in its own name.
2. Whether the larger governmental reporting entity appoints a majority of commission

- members of the potential component unit.
3. Fiscal interdependency between the larger governmental reporting entity and the potential component unit.
 4. Imposition of will by the larger governmental reporting entity on the potential component unit.
 5. Financial benefit/burden relationship between the larger governmental reporting entity and the potential component unit.

The District was created by the Caddo Parish Commission by ordinance on February 24, 1988, as provided under the Louisiana Revised Statute 40:1496 and is a component of Caddo Parish.

The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

Based upon the above, the District is a component unit of the Caddo Parish Commission.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that primary government, or the other general governmental units that comprise the Parish financial reporting entity.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

E. BUDGET PRACTICES

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget are legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the District may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. CAPITAL ASSETS

Capital assets purchased or acquired with a useful life beyond one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date

received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire trucks	15 years
Fire fighting equipment	10 years
Radio & Communications equipment	10 years
Office equipment	5 years
Furniture and equipment	5 years

H. COMPENSATED ABSENCES

Compensated absences for vacation and sick leave do not accrue past the calendar year and are not paid for if not taken.

I. ENCUMBRANCES

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the District.

J. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the Statement of Net Assets.

K. NET ASSETS/FUND BALANCE

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The two components of net assets are as follows:

- 1.
2. Invested in Capital Assets, Net of Related Debt records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds or other borrowing (lease obligations) attributable to the acquisition, construction, or improvement of capital assets.
3. Unrestricted Net Assets represent net assets not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2: CASH

At December 31, 2004, the District has cash and investments (book balances) totaling \$ 347,775 as follows cash equivalents totaling as follows:

GENERAL FUND	
Demand Deposits	\$ 6,741
Interest-bearing time deposits	188,423
Total General Fund	<u>\$ 195,164</u>
BOND SERVICE FUND	
Interest-bearing time deposits	<u>\$ 152,611</u>
Total Cash and Investments	\$ 347,775

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2004, the District has \$347,775 in deposits (collected bank balances).

These deposits are secured from risk by \$300,000 of federal deposit insurance and in excess of \$47,775 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3: PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposed be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission. The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of Caddo Parish, as provided by LRS 33:1435, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. December tax collections remitted to the District by the Sheriff in January are reported as "Due from other governmental units."

The 2004 and 2003 property tax calendars are as follows:

	2004	2003
Levy date	December 3, 2004	December 5, 2003
Millage rates adopted	December 3, 2004	December 5, 2003
Tax bills mailed	December 1, 2004	December 1, 2003
Due date	December 31, 2004	December 31, 2003
Lien date	January 1, 2005	January 1, 2003

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.0% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year-end.

All property taxes are recorded in governmental funds, and as explained in Note 1 (E), revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experience, will not be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the net taxes

receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expect to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected within 60 days subsequent to year-end or they are completely available for short-term debt and short-term advances from the tax collector due to time lags between collections and the remittance to the District.

NOTE 4: AD VALOREM TAXES AND SERVICE CHARGES

In an election on October 7, 1989, the voters approved the issuance of general obligation bonds and the corresponding ad valorem taxes to be levied for debt service. On July 17, 1999, the voters approved a ten (10) year four (3.76) mill property tax beginning with the year 1999 and ending with the year 2008 for the purpose of acquiring, constructing, improving, maintaining, and/or operating fire protection facilities, and obtaining water for fire protection purposes and to the extent permitted by law, acquiring, construction, improving, maintaining and/or operating emergency medical facilities.

For the year ended December 31, 2004, total ad valorem taxes of 4.0 mills were levied on property with assessed valuations totaling \$15,028,150. Total taxes levied at December 31, 2003, for operation were \$62,579. Total taxes levied for debt retirement were \$93,868.

On July 17, 1999, the voters approved a ten (10) year service charge of up to \$50 per residential or commercial structure for fire protection services commencing January 1, 2000. Total service charges levied at December 31, 2004, were \$160,700.

Ad valorem taxes and services charges are levied on November 1st of each year and are due by December 31st. If payment has not been made by due date, liens are attached to peroperty as of January 1st of the following year.

NOTE 5: RECEIVABLES

The following is a summary of receivables at December 31, 2004:

Taxes Receivable 2004	Ad Valorem Tax	Service Charge	Bond Fund	Total
Tax Assessed	\$ 62,579	\$ 160,700	\$ 93,868	\$ 317,147
Less: Collection Expense	(1,940)	(12,053)	(2,910)	(16,903)
	<u>\$ 60,639</u>	<u>\$ 148,647</u>	<u>\$ 90,958</u>	<u>\$ 300,244</u>
Less: Allowance for Uncollectible	<u>\$ (1,819)</u>	<u>\$ (4,459)</u>	<u>\$ (2,729)</u>	<u>\$ (9,007)</u>
	<u>\$ 58,820</u>	<u>\$ 144,188</u>	<u>\$ 88,229</u>	<u>\$ 291,234</u>

NOTE 6: CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance Jan 1, 2004	Additions	Deletions	Balance Dec 31, 2004
2004				
Land	\$ 25,000	\$	\$	\$ 25,000
Buildings	614,762			614,762
Equipment	352,827	125,889		478,716
Trucks	509,290			509,290
Less accumulated depreciation	(880,258)			(982,746)
Capital assets, net	\$ 621,621	\$ 125,889	\$	\$ 645,022

NOTE 7: FIREFIGHTERS' RETIREMENT SYSTEM OF LOUISIANA

Plan Description. Substantially all employees of the District are members of the Louisiana Firefighters' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection District that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service, or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rates as contributed for 2004 are: 21% through June and July through December 24%. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2004, 2003, 2002, were \$14,044, \$15,694, and \$7,161, respectively, equal to the required contributions for each year.

NOTE 8: LONG-TERM DEBT

In an election held on October 11, 1989, the voters authorized the issuance of \$1,325,000 in general obligation bonds for acquiring land, building, and equipment to be used in providing fire protection to the District. The bonds were issued on May 15, 1990, and are payable in annual principal installments of \$15,000 to \$145,000 with interest paid semi-annually at rates ranging from 12% to 6.4%. A summary of change in general long-term obligations is as follows:

DECEMBER 31, 2004

Balance, December 31, 2003	\$ 280,000
Debt retired	<u>(135,000)</u>
Balance, December 31, 2004	\$ 145,000

The annual requirements to amortize bonded debt as of December 31, 2003, including interest payments are as follows:

Year Ending December 31	Total Principal and Interest Due	Principal	Interest
2004	<u>\$ 150,075</u>	<u>\$ 145,000</u>	<u>\$ 5,075</u>
Total Principal and Interest	<u>\$ 150,075</u>	<u>\$ 145,000</u>	<u>\$ 5,075</u>

NOTE 9: ON-BEHALF PAYMENTS FOR SALARIES

Supplemental salary payments are made by the state directly to a certain group of employees of the District. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2004 and 2003, the state paid supplemental salaries to employees of the District in the amount of \$9,830 and \$10,800, respectively. These payments are recorded as revenues and expenditures (expenses) in 2004 and 2003 financial statements under the General Fund.

NOTE 10: COMPENSATION PAID TO COMMISSION MEMBERS

The following is a list of commission members appointed for the years ended December 31, 2004 and 2003. The commission members did not receive any compensation for their service on the board of Caddo Parish Fire District No. 8 during the years ended December 31, 2004 and 2003.

The members of Fire Protection District No. 8 of Caddo Parish, Louisiana for the years indicated are:

2004

Whitlow Giles, Chairman
Marvin Cross
David Austin
Mark Davis
Claude Jackson
Allen Knusten

2003

Whitlow Giles, Chairman
Marvin Cross
David Austin
Mark Davis
Claude Jackson
Allen Knusten

OTHER SUPPLEMENTARY INFORMATION AND REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

The following pages contain a budget comparison schedule and reports on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The report on compliance internal control over financial reporting is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

**FIRE DISTRICT NO. 8 OF CADDO PARISH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (CASH BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET (CASH BASIS)</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES:</u>			
AD VALOREM TAXES	\$ 61,240	\$ 59,089	\$ (2,151)
SERVICE CHARGES	162,050	165,969	3,919
INTERGOVERNMENTAL:			
FORESTRY GRANT	5,656	9,087	3,431
FIRE INSURANCE REBATE	21,710	21,710	-
STATE SUPPLEMENTAL PAY	10,800	9,830	(970)
FEMA GRANT	108,536	108,536	-
INTEREST INCOME	5,000	14,751	9,751
MISCELLANEOUS	5,840	6,114	274
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	\$ 380,832	\$ 395,086	\$ 14,254
<u>EXPENDITURES:</u>			
SALARIES AND RELATED BENEFITS	\$ 121,000	127,590	(6,590)
LEGAL AND ACCOUNTING	4,500	3,689	811
INSURANCE	49,100	50,011	(911)
REPAIRS AND MAINTENANCE	28,500	26,281	2,219
UTILITIES	19,472	18,425	1,047
CAPITAL OUTLAY	121,296	125,889	(4,593)
FUEL	4,698	5,092	(394)
SUPPLIES	10,236	3,741	6,495
TAX COLLECTION FEES	14,493	14,139	354
TRAINING	2,500	2,894	(394)
UNIFORMS	1,050	2,292	(1,242)
OTHER	4,785	6,019	(1,234)
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	\$ 381,630	\$ 386,062	\$ (4,432)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 798	\$ 9,024	\$ 9,822
FUND BALANCE AT BEGINNING OF YEAR	<u>\$ 209,480</u>	<u>\$ 209,480</u>	\$ -
FUND BALANCE AT END OF YEAR	<u>\$ 210,375</u>	<u>\$ 218,004</u>	\$ -



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Chairman Whitlow Giles and
Members of the Board of Commissioners
Fire District No. 8 of Caddo Parish
Vivian, Louisiana

We have audited the basic financial statements of Fire District No. 8 of Caddo Parish, a component unit of Caddo Parish, Louisiana, as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated July 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United State of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Fire District No. 8 of Caddo Parish general purpose financial statements are free of material misstatement, We performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Fire District No. 8 of Caddo Parish internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted one matter involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of Fire District No. 8 of Caddo Parish, management of Fire District No. 8 of Caddo Parish, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Agee & Agee, P.C.

Agee & Agee, P.C.
Shreveport, Louisiana
July 15, 2005

**FIRE DISTRICT NO. 8 OF CADDO PARISH
SUMMARY AUDIT FINDINGS
DECEMBER 31, 2004**

PRIOR AUDIT FINDINGS – 2003 AUDIT

03-1: Caddo Parish Fire District No. 8 does not have a system of civil service for the district's three paid employees. A system of civil service is required under the Constitution of Louisiana of 1974, specified Article, Part II and Louisiana Revised Statutes 33:2531, et. seq., Title 33 Chapter 5 Part III.

CORRECTIVE ACTION PLAN

The Board of Caddo Parish Fire District No. 8 will discuss the requirements of a civil service system at their next regular scheduled meeting.

CORRECTIVE ACTION TAKEN

The Board of Caddo Parish Fire District No. 8 discussed the finding and did not take any action to correct the deficiencies.

CURRENT STATUS

Unchanged – A system of civil service is required under the Constitution of Louisiana as noted above.

CURRENT YEAR AUDIT FINDING

04-01 Failure to comply with state law:

Instance of Noncompliance

The District failed to comply with state law (LA R.S. 24:513) since the annual report for the year ended December 31, 2003 was not submitted to the Louisiana Legislative Auditor's Office until after June 30, 2004, the statutory date.

Reason for Noncompliance

Due to medical issues the auditor misjudged the audit timely enough. The audit was not completed and issued by the statutory due date.

Management's Plan for Corrective Action

We have discussed the situation with our auditor and have been assured this will not happen again.

04-02 Training in Governmental Accounting and the Computer System required

The district changed accounting systems at the first of 2004, accountants in September 2004 and governmental accounting changed effective January 1, 2004. Several deficiencies in the utilization of the system and lack of training of the new accountant resulted in errors and the lack of proper financial reporting.

Corrective action plan

The chairman of the board has employed an accountant to assist the bookkeeper in the utilization Of the system and new accounting requirements.